# The New Preaward Survey - Supplier Risk Management Prior to Award

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## *Introduction Module*

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# Supplier Risk Management Prior to Award

X-35
JSF

## Taking the Preaward To the Next Level. . .

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# SRM Prior to Award

## INTRODUCTION MODULE topics:

- Why implement “Supplier Risk Management Prior to Award?”
- What is a Risk Based Preaward Survey?
- How is it different from a “Regular” Preaward?
- Why Change the Name?
- What can I expect? How will the change affect me?
- The Other Modules. . . .

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? Why implement “Supplier Risk Management Prior to Award?”

- **DCMA Policy.** “CMO management, technical assessment groups, and operations personnel must use an integrated risk management approach comprised of risk planning, risk assessment, risk handling, risk monitoring, and risk documentation to assess supplier performance and determine and execute CMO actions that are designed to favorably address that state of risk in any and all supplier locations under their cognizance.” (Chapter 3.1, Supplier Risk Management, paragraph 3.1)

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? Why implement "Supplier Risk Management Prior to Award?" (continued)

- DCMA committed to implementing Risk Management concepts through all operational functions.
  - Supplier Risk Management (SRM), currently a post-award activity, extended to cover pre-award activities - Preaward Surveys.
  - Improve the Preaward Survey process.
- DCMA is a customer-focused agency; we provide supplier information to our customers in risk-based terms to aid in the management of procurement risk.
  - Reference: Risk Management Guide for DoD Acquisition
  - Results of 1999 DCMA Risk Based Preaward Pilot

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What is a Risk Based Preaward Survey?

- A Risk-Based Preaward Survey:
  - Provides a recommendation for award/no award.
  - Identifies contractor and procurement risk
    - Performance, Schedule, and Cost
  - Rates contractor as low, moderate or high, and
  - Provides a strategy for dealing with the identifiable risk.

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? How is it different from a "Regular" Preaward?

- Basically the same as before; now add risk concepts.
- DCMA personnel will:
  - Perform Preaward Surveys in accordance with Guidebook
  - NEW! Give a recommendation: Award/No Award
  - NEW! Write the report using risk-based terms.
  - NEW! Identify areas of risk (performance, schedule, cost)
  - Assign a risk rating using risk management NEW! concepts and the standard risk matrix.
    - RAMP matrices used as "guides."
  - NEW! Provide an "early procurement" risk handling strategy.
- NEW! Preaward Survey Managers:
  - NEW! PSM provides overall Risk ratings for

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**?** Why Change the Name?

- Preaward Surveys – Supplier Risk Management Prior to Award

- Chapter aligns operational functions with the Agency's execution of "Supplier Risk Management."

- Purpose and intent of this chapter to determine if an "offeror" has the "potential" to become a supplier.

- Process becomes the first contract management functional process to address contract execution risk within the "formal" contract management process (Supplier Risk Management).

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**?** What can I expect? How will the changes affect me?

- Current PAS Guidebook remains in effect.

- DCMA personnel currently trained in Risk Management Concepts and use of RAMP tool.
  - Similar use of terminology
  - Supervisory review and data validation required
  - Identification, assessment and mitigation of risk
  - Data will reside in the Supplier Information Service

- PASS software remains the same with changes to support Informal Preaward data entry.

- Metric remains unchanged for FY 02 – 98% timeliness
  - Future – will reflect quality of product in FY 03

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- The Other Modules. . . .

  - **Module 1 - Risk Management – Pre-Contract**
  - **Module 2 - Risk Planning**
  - **Module 3 - Risk Assessment**
  - **Module 4 - Risk Handling and Monitoring**
  - **Module 5 - Risk Documentation**
  - **Module 6 - CBT - Supplier Information Service/Preaward Survey System**